



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY  
REGION III  
1650 Arch Street  
Philadelphia, Pennsylvania 19103-2029

AUG 28 2012

The Honorable Bill Shuster  
U.S. House of Representatives  
Washington, D.C. 20515-3809

Dear Representative Shuster:

Thank you for your letter of August 1, 2012 to the U.S. Environmental Protection Agency (EPA) Administrator Lisa P. Jackson concerning the economic impact of the Chesapeake Bay initiative and EPA's Combined Sewer Overflow (CSO) policy on small communities, specifically on Gallitzin, Pennsylvania.

The Gallitzin Sewer & Disposal Authority (Gallitzin Sewer Authority) is required to address the Chesapeake Bay Total Maximum Daily Load (TMDL) and its CSOs through its National Pollutant Discharge Elimination System (NPDES) permit, issued pursuant to section 402 of the Clean Water Act (CWA). EPA's TMDL program is authorized under section 303(d) of the CWA, which requires states, territories, and tribes to develop TMDLs for waters that are too polluted or otherwise degraded to meet the water quality standards set by these jurisdictions. The nitrogen, phosphorous, and sediment TMDLs for the Chesapeake Bay watershed were established by EPA on December 29, 2010. In addition, under the NPDES program, EPA developed a policy to address CSO systems, which handle rainwater runoff, domestic sewage, and industrial wastewater in the same pipe. This policy provides guidance to municipalities, and state and federal permitting authorities on how to meet the CWA's pollution control goals as cost-effectively as possible. The policy provides flexibility to consider the site-specific nature of CSOs, to find the most cost-effective way to control them and to provide for phased implementation of CSO controls to accommodate a community's financial capability. The CSO policy was issued in 1994.

In 2002, the Pennsylvania Department of Environmental Protection (PADEP) issued an order to Gallitzin Sewer Authority to submit a Long-Term Control Plan (LTCP) to address its CSOs. Since that time, PADEP has reviewed the Gallitzin Sewer Authority's subsequent LTCP submittals. Most recently, in August 2012, PADEP did not approve Gallitzin Sewer Authority's revised LTCP because it lacked a financial capability assessment and an appropriate schedule for implementation. This financial capability assessment can be used by permittees, such as Gallitzin Sewer Authority, in the development of an affordable implementation schedule. In its disapproval letter, PADEP recognized the obligations of both the Chesapeake Bay TMDL and the LTCP on the Gallitzin Sewer Authority and provided options for meeting these requirements.

The NPDES permit for the Gallitzin Sewer Authority expired on September 26, 2007, and has been administratively extended by PADEP until such time that a renewal permit is issued. A reissued permit has been delayed, in part, while decisions are made on the implementation of CSO controls and on a mechanism to comply with the Chesapeake Bay TMDL allocations. The Gallitzin Sewer Authority



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and Gallitzin Borough should continue to work with the PADEP Southwest Regional Office to resolve these issues and obtain a reissued permit.

The goal of both TMDL implementation and the CSO policy under EPA's NPDES program is to improve water quality. These requirements are not intended to restrict development or impede economic vitality, particularly given the current economic climate in the United States. In addition to the flexibility provided under the CSO policy to allow phased construction and cost-effective solutions, there are several programs that the federal government and the Commonwealth of Pennsylvania have established to offset the costs associated with TMDL implementation, including EPA's Clean Water State Revolving Fund (CWSRF) Program.

EPA's CWSRF Program awards grants to state governments which in turn provide below market loans to communities for water quality infrastructure projects. Wastewater infrastructure improvement projects addressing TMDLs and CSOs are considered an eligible use of the CWSRF. There are some program requirements that must be met to ensure that the specific project and loan recipient are eligible.

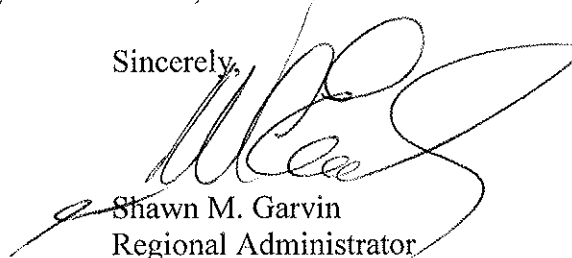
In Pennsylvania, the CWSRF program is administered by the Pennsylvania Infrastructure Investment Authority (PENNVEST). PENNVEST evaluates, prioritizes, and selects projects to receive loans. PENNVEST determines the interest rate and repayment period for each loan in accordance with its established procedures. Lower interest rates and extended repayment periods are available for disadvantaged communities that meet PENNVEST's criteria.

Additional information about Pennsylvania's CWSRF program and other state funded grant and loan programs, as well as the online application, are available at <http://www.pennvest.state.pa.us/>. Gallitzin Sewer Authority and Gallitzin Borough may contact PENNVEST directly by telephone at 717-783-4496 or by mail at:

Dr. Paul K. Marchetti, Executive Director  
Pennsylvania Infrastructure Investment Authority  
Keystone Building  
22 South Third Street  
Harrisburg, Pennsylvania 17101

If you have any questions, please do not hesitate to contact me or have your staff contact Mrs. Laura Mohollen, EPA's Pennsylvania Liaison, at 215-814-3295.

Sincerely,



Shawn M. Garvin  
Regional Administrator

